

## Message Text

UNCLASSIFIED

PAGE 01 LAGOS 00688 180735Z  
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 /019 W  
-----039348 181200Z /15

R 171531Z JAN 78  
FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC 5982  
INFO USDOC WASHDC  
AMCONSUL IBADAN  
AMCONSUL KADUNA

UNCLAS LAGOS 00688

E.O.11652: N/A  
TAGS: ETRD, NI  
SUBJECT: FOREIGN EXCHANGE GUARANTEES

REF: STATE 310873

1. REFTEL CORRECT. THOSE EXPORTING TO NIGERIA MUST OBTAIN BANK GUARANTEE THAT FOREIGN EXCHANGE RELEASED FOR DOWN PAYMENT TOWARD SHIPMENT OF GOODS WILL BE RETURNED IF CONTRACT UNFULFILLED. M. AFAM OKOLUE, MANAGER, IMPORT OFFICE, EXCHANGE CONTROL DEPARTMENT, CENTRAL BANK, TOLD EMBOFF THAT REQUIREMENT WAS PROMULGATED BY CENTRAL BANK OF NIGERIA NOVEMBER 2, 1977 IN AN EXCHANGE CONTROL MEMORANDUM TO AUTHORIZED DEALERS. OKLUE EXPLAINED THAT EXPORTERS OFTEN REQUIRE PAYMENT TERMS OF 10-25 PERCENT DOWN THEN PAYMENT OF REST AFTER PRESENTATION OF SHIPPING DOCUMENTS. ONLY THE DOWN MUST BE GUARANTEED UNDER THE NEW REGULATION. NO GUARANTEE IS REQUIRED IF EXPORTDR RECEIVES COMPLETE PAYMENT UPON PRESENTATION OF SHIPPING DOCUMENTS. GUARANTEE MUST RUN UNTIL SHIPMENT OF GOODS OCCURS.

2. OKOLUE EXPLAINED THAT REASON FOR NEW REQUIREMENT WAS THAT BUSINESSMEN IN NIGERIA WERE COLLUDING WITH ALLEGED FOREIGN EXPORTERS TO LUKVO FOREIGN EXCHANGE OUT OF COUNTRY  
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PAGE 02 LAGOS 00688 180735Z

THROUGH USE OF DOWN PAYMENT FOR GOODS THAT WOULD NEVER BE SHIPPED. SINCE BANKS WOULD NOT GUARANTEE DOWN PAYMENT AGAINST NONPERFORMANCE UNLESS THEY COULD TESTIFY TO INTEGRITY OF EXPORTER, BANKS IN EFFECT WOULD HELP POLICE NIGERIAN FOREIGN EXCHANGE OUTFLOW.

3. OKOLUE CALLED THESE QUOTE ADVANCE PAYMENT GUARANTEES

UNQUOTE VERY COMMON. HE HAD SEEN THEM ISSUED IN NEW YORK FOR  
TRADE BETWEEN U.S. EXPORTERS AND OTHER COUNTRIES OF THE WORLD.  
HE ESTIMATED THE COST AS NOT GREATER THAN ONE PERCENT OF DOWN-PAYMENT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN EXCHANGE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978LAGOS00688  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
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